

## **Business and Non-instructional Operations**

### **Administrative Regulation 3100(a)**

#### **BUDGET SYSTEM**

##### Initial Budget Adoption

On or before July 1 of each year, the Superintendent shall present to the Board for adoption a budget which adheres to the state's standardized account code structure (SACS) as prescribed by the Superintendent of Public Instruction (SPI).

Before adopting the Office of Education budget for the subsequent year, the Board shall hold a public hearing. The agenda for this hearing shall be posted at least 72 hours before the hearing and shall indicate the location where the budget may be inspected. The proposed budget shall be available for public inspection at least three working days before this hearing.

After the public hearing, at a public meeting held on a different date, the Board shall adopt the Superintendent's budget following adoption of the County Office's Local Control Accountability Plan (LCAP). The budget shall not be adopted if an approved LCAP or annual update to the LCAP is not in effect for the budget year.

The Superintendent or designee shall file the adopted budget with the SPI no later than five days after adoption or by July 1, whichever occurs first. The budget and supporting data shall be maintained and made available for public review.

##### Revised Budget

No later than 45 days after the Governor signs the annual Budget Act, the Superintendent or designee shall make available for public review any revisions in budgeted revenues and expenditures which are consequently necessary.

If the SPI disapproves the Office of Education's budget, the Superintendent shall review and respond to his/her recommendations at a meeting of the Board on or before September 8. The response shall include any proposed revisions to the adopted budget and any other proposed actions to be taken as a result of those recommendations.

##### Budget Review Committee for Disapproved Budgets

If the Office of Education's budget is disapproved by the SPI for any reason other than his/her disapproval of the LCAP or annual update of the LCAP, the budget shall be reviewed by a budget review committee, unless the Superintendent and SPI agree to waive the requirement and the California Department of Education accepts the waiver.

This committee shall consist of three persons selected by the Superintendent from a list of candidates provided by the SPI, who shall be selected within five working days after receiving the list of candidates.

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If the budget review committee recommends disapproval of the budget, the Board may submit a response no later than five working days after receipt of the committee's report. The response may include any revisions to the adopted final budget and any other proposed actions to be taken as a result of the committee's recommendations.

If the SPI disapproves the budget after reviewing the committee's report and the Office of Education's response, the Superintendent shall consult with the SPI as he/she develops and adopts, by November 30, a fiscal plan and budget that will allow the Office of Education to meet its financial obligation. For the current fiscal year, the Office of Education shall operate in accordance with the budget adopted by the SPI.

Until the Office of Education receives approval of its budget, it shall continue to operate either on the basis of the prior year's budget or on the basis of the current year's unapproved budget as proposed by the Superintendent and as adopted and revised by the Board, whichever budget contains a lower total spending authority.

#### Fund Balance

If the unassigned fund balance falls below this level due to an emergency situation, unexpected expenditures, or revenue shortfalls, the Superintendent shall develop a plan to recover the fund balance which may include dedicating new unrestricted revenues, reducing expenditures, and/or increasing revenues or pursuing other funding sources.

#### Long-term Financial Obligations

The Office of Education's current-year budget and multi-year projections shall include adequate provisions for addressing long-term financial obligations, including, but not limited to, long-term obligations resulting from collective bargaining agreements, financing of facilities projects, unfunded or future liability for retiree benefits, and accrued workers' compensation claims.

The Superintendent shall approve a plan for meeting long-term obligations to fund nonpension, other postemployment benefits (OPEBs). This plan shall include a specific funding strategy and the methods that will be used to finance the Office of Education's annual fiscal obligations for such benefits in a manner that continually reduces the deficit to the Office of Education to the extent possible. The Superintendent reserves the authority to review and amend the funding strategy as necessary to ensure that it continues to serve the best interests of the Office of Education and maintains flexibility to adjust for changing budgetary consideration.

When the Superintendent or designee presents a report to the Board on the estimated accrued but unfunded cost of OPEBs, the Superintendent shall disclose,

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as a separate agenda item at the same meeting, whether or not the Office will reserve a sufficient amount of money in its budget to fund the present value of the benefits of existing retirees and/or the future cost of employees who are eligible for benefits in the current fiscal year.

#### Budget Amendments

Whenever revenues and expenditures change significantly through the year, the Superintendent or designee shall recommend budget amendments to ensure accurate projections of the net ending balance. When final figures of the prior-year budget are available, this information shall be used as soon as possible to update the current-year budget's beginning balance and projected revenues and expenditures.

In addition, budget amendments shall be submitted for Board approval as necessary when the state budget is adopted, collective bargaining agreements are accepted, County Office income declines, increased revenues or unanticipated savings are made available to the County Office, program proposals are significantly different from those approved during budget adoption, interfund transfers are needed to meet actual program expenditures, and/or other significant changes occur that impact budget projections.